

Richmond Times - Dispatch (Virginia)  
Distributed by Knight/Ridder Tribune News Service

July 4, 2006 Tuesday

HEADLINE: HP shuts Ontario facility

BYLINE: Darla Martin Tucker, Richmond Times-Dispatch, Va.

Jul. 4--The HP Direct computer assembly and shipping plant in Ontario will turn out the lights by July 31.

The Palo Alto company will pay for utilities at 1220 and 1320 Baker avenues through the end of next month, Grant Yee, director of Ontario administrative services and finance, said June 28.

HP Direct notified the city earlier this year that it planned to abandon the assembly plant, Yee said.

Fresh Start Bakeries in City of Industry intends to relocate to HP's facilities once the computer company vacates the premises. Fresh Start, which supplies hamburger buns and English muffins to the McDonald's restaurant chain, is expected to employ 200 people in the Ontario plant.

HP notified the county of San Bernardino in October of the impending closure as the company prepared to move the assembly operation to Mexico, said Nick DeMartz, supervisor of business resources for the county's Economic Development Department.

The facility's 100 or so contract workers and 150 permanent employees all lost their jobs, he said.

The plant's operations director left May 31, DeMartz said.

County officials held resume and interview workshops for the HP workers. Officials informed the employees of training classes for skill upgrades and centers where they could conduct job searches, use fax machines, copiers, computers and phones, DeMartz said.

"Most of them found jobs around here and many of them right away," DeMartz said. Companies that hired former HP assembly workers included Dal-Tile in Ontario, Mohawk Industries in Fontana and warehousing firm Pentel of America.

State officials held meetings for the laid off workers on how to apply for unemployment checks and provided options for handling 401(k) accounts, he said.

HP, or Hewlett-Packard Co., employed 800 permanent and contract workers in 2002 at its Baker Avenue facility.

Field inspectors found the building vacant at the end of May, Yee said. "We understand they made a decision to move their operation elsewhere."

HP officials did not return requests for information.

HP announced in July 2005 it planned to lay off 14,500 people and freeze pensions and medical benefits for some employees.

The company expected to save \$1.9 billion a year beginning in fiscal 2007 as result of the downsizing.

The company cut information technology, human resources and finance jobs. Further staff reductions were expected to occur "inside business units," an HP release said.

HP announced May 16 it will consolidate 85 data centers around the world into six centers located in Atlanta, Houston and Austin.

Hewlett-Packard acquired the Ontario assembly plant in 2002 following a \$20 billion merger between HP and Compaq Computer Corp. in May.

Compaq opened the plant as a Compaq Direct personal computer assembly and shipping site in early 2000.

It acquired the 180,000-square-foot site from Inacom Corp. About 200 people worked in the facility at the time.

HP officials said in late 2002 they expected to boost production from 2,500 to 4,800 systems a day.

The company planned to spend \$2 million adding two production lines, a packing line, employee break rooms and bathrooms.

HP Direct's customers included Microsoft Corp., Bank of America, Wells Fargo, Disney and Home Depot.

Employees at HP Direct used 188 automated workstations to assemble up to 75,000 computers a month with components made in Asia.